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STATE OF FLORIDA
DEPARTMENT OF REVENUE

Market Area Guidelines
Public Rule Development Workshop

R.A. Gray Building Auditorium
500 South Bronough Street
Tallahassee, Florida
April 3, 2001
1:35 p.m.

Reported by:
CONNIE J. BUTLER
Court Reporter

1 P R O C E E D I N G S

2 MR. HARRELL: Okay. We'll go ahead and get
3 started, please.

4 Good afternoon. My name is Hugh Harrell, process
5 manager with the Department of Revenue, and I will be
6 the workshop moderator for this afternoon.

7 At this time, I would like the other members of
8 the Department that are sitting up here to introduce
9 themselves, and beginning with my left.

10 MR. DORN: I am Franz Dorn. I'm an attorney with
11 the Department.

12 MR. KELLER: And I'm Steven Keller, one of the
13 attorneys with the Department of Revenue.

14 MR. HARRELL: This is a workshop noticed
15 consistent with subsection 120.54(2), Florida
16 Statutes, held for the purpose of presenting to
17 interested parties the concepts and background
18 material for developing the Department's market area
19 guidelines, and to receive public comment concerning
20 potential items for inclusion in these guidelines.

21 The format for the workshop this afternoon will
22 be informal, and the following procedure will be
23 utilized in gathering and receiving your verbal
24 comments today.

25 We will read the title and summarize each section

1 of the background materials containing concepts which
2 the Department has prepared for discussion. Any
3 comments concerning the concepts and proposed,
4 proposals for draft concepts or language may be made
5 in this presentation.

6 When you do comment, please state your name and
7 the organization or office that you represent. In
8 that regard, if you've not already signed in on the
9 sign-in sheet provided, please do so. That's going
10 around right now.

11 We have prepared a concepts list which contains
12 the text of some relevant materials from both staff at
13 the Department and from members of the public. The
14 concepts have been gathered and word-processed, and
15 this is titled, "Concepts List and Background
16 Materials," and also the March 30th draft outline of
17 mass appraisal module as well. The copies of this are
18 located in the front of the room if you have not
19 already come down and picked some up.

20 Are there any questions regarding the format that
21 we're going to utilize this afternoon?

22 Before we begin, is there anyone who wishes to
23 submit written comments or suggestions concerning the
24 market area guidelines?

25 This workshop was noticed on March 16, 2001,

1 Florida Administrative Weekly, and Steve Keller, the
2 gentleman on my right, will tell you how -- will
3 update you to this point in what we're going to do
4 this afternoon.

5 MR. KELLER: Good afternoon.

6 Just to tell you a little bit about how we got
7 where we are today, in response to recommendations in
8 the Auditor General's 1997 and 2000 reports, the
9 Department staff had prepared some drafts of the
10 market area guidelines. However, these drafts were
11 never finalized, and the Department's consultant has
12 also recently made some further recommendations. This
13 is the second workshop held around the state to record
14 public input.

15 The Department has identified a schedule to renew
16 its attempts to adopt the market area guidelines, and
17 we anticipate proceeding over the course of this year
18 to prepare drafts for promulgation.

19 The process for the market area guidelines'
20 promulgation has been designed to meet the provisions
21 of Chapter 120.54, Florida Statutes.

22 At the January 4, 2001, workshop in Orlando, we
23 presented the concepts list and the background
24 materials that we have here today for presentation.
25 After this initial workshop, we have engaged three

1 consultants to assist in drafting real property
2 guidelines. They are Dr. Barry Diskin, who's
3 professor of real estate at the business school at the
4 Florida State University in Tallahassee. Dr. Diskin
5 is a member of the Appraisal Institute, or MAI.

6 Also contributing to that project will be Dr.
7 Dean Getslatt, professor of real estate at the
8 business school at the Florida State University in
9 Tallahassee.

10 We have, finally, engaged the assistance of Mr.
11 Joe Hunt, professor at the Institute of Government at
12 the University of North Carolina in Chapel Hill. Mr.
13 Hunt is also a member of the Appraisal Institute, or
14 MAI.

15 We have a draft of something that we presented
16 this morning from Mr. Hunt and it is entitled, "Draft
17 Outline of Potential Mass Appraisal Module," dated
18 March 30th of 2001, and this draft was prepared
19 working with these consultants and that is a potential
20 module for the real property guidelines, as I
21 indicated, but it does contain much information about
22 market areas and references to market area guidelines,
23 so we are presenting that here today.

24 I'll turn it back over to Hugh.

25 MR. HARRELL: Okay. Where's the copy of the

1 draft?

2 The first draft that we'll be taking comment on
3 is the -- it's titled, "Real Property Guidelines:
4 Draft Outline of Potential Mass Appraisal Module,
5 March 30, 2001," and in the body of the text, I
6 believe, under Roman numeral VII-E, it has market area
7 identification and mass appraisal for ad valorem
8 taxation, and that is the area that we would like to
9 focus on.

10 Again, this is a, it's an outline, draft outline,
11 and these are topics for your consideration that might
12 be included in the final product, and we would like
13 your opinion on what needs to be added or are they
14 adequate or your feeling.

15 Additionally, subsection F under Roman numeral
16 VII also references the market area variables and that
17 may influence the value levels of all real properties
18 in mass appraisal, which will be an additional topic
19 for discussion.

20 Are there any comments concerning the development
21 of market area guidelines?

22 MR. KELLER: One thing we have in front of us,
23 just to further flesh out the outline, this is an
24 outline of something called, "Real Property Appraisal
25 Guidelines: Mass Appraisal Module," and currently

1 that's where the market area methods and references
2 are contained, specifically talking about methods for
3 selection and identification of market areas.

4 Does anybody have any input or would care to
5 provide any input about whether that's an appropriate
6 location to have these references, in other words, in
7 the real property guidelines as opposed to a stand-
8 alone, separate document dealing with market areas?

9 MR. BARBER: Steve, Wade Barber. Could you
10 please repeat that last statement?

11 MR. KELLER: In other words, one of the questions
12 is should the market area guidelines be sort of a
13 subset of real property guidelines, or should they be
14 something separate?

15 MR. BARBER: In my opinion they should be
16 separate.

17 MS. VANN: Steve, it said in your agenda that's
18 attached that between January, 2000, and July, 2000,
19 you surveyed different states to see how they handled
20 that. Do we have privy to that information in
21 anything we were handed out or can we get that, and
22 how did they handle them? Are they a subset of their
23 mass appraisal or are they a separate standard?

24 MR. KELLER: Okay. Currently the survey of
25 other states' best practices is being put together.

1 The results are in. My last understanding is that the
2 states that do use market areas go both ways, either
3 part of the real property appraisal guidelines or also
4 a separate stand-alone module, which is not very
5 voluminous, and quite frankly most of the states that
6 we saw in the meeting in Orlando treat, for example,
7 an entire county as one market area, so in terms of
8 best practices, I think that Florida is pretty much at
9 the forefront, so to speak.

10 We will be getting, I think, a further update on
11 the best practices survey, and there's a report I
12 believe in process. We don't it them available to us
13 at this workshop, but we will bring it to a future
14 workshop at such time as that is finalized.

15 MR. HARRELL: Is there any additional comment or
16 input, discussion, likes or dislikes about the
17 proposed format? Okay.

18 All right, I would now direct you to, if you turn
19 a few more pages into the packet and you will come to
20 a title page that says, "Concepts List and Background
21 Material, Market Area Guidelines, Rule Development
22 Workshop, April 3, 2000." It's quite a lengthy
23 document, has definition contained within, statutory
24 requirement, record layout requirements, preparation
25 of the rolls, has quite a bit of discussion about what

1 market areas are as defined neighborhoods, and there's
2 some definition of terms in the very back section of
3 the document. I'll give you a few minutes to review
4 this and then we'll take some comment, take your
5 comment.

6 Beginning on page 1 of this section, and the
7 numbers have been penciled in, so the handscribed
8 number at the bottom of the page under the date
9 January 3rd is the beginning point.

10 MS. VANN: Can I ask for a clarification?

11 MR. HARRELL: Go right ahead, Ms. Vann.

12 MS. VANN: Base on Steve's question of whether
13 the rule, whether the market area should be by itself
14 or part of the mass appraisal rule, the fact that
15 you're having separate workshops, have you already not
16 made that decision that they are separate or why
17 wasn't it included in the workshop this morning?

18 I mean, if you're doing them in separate
19 workshops and developing separate rules, haven't you
20 pretty much decided they are going to be separate?

21 MR. KELLER: That's a good question. At this
22 time we have treated them as separate, and they have
23 been thought of as two separate sets of methodologies
24 and they have been set up for two separate ways of
25 implementation, time lines, but they are running

1 simultaneously.

2 We have in the workshop setting had the workshops
3 on the same day, so at this time we have not made a
4 decision on, you know, whether to have two separate
5 ones or one single. One of the consultants has gone a
6 little bit in the direction of combining the market
7 areas into the draft that we have in front of us,
8 which is the March 30th, but that's only a draft
9 outline, and at this time we're interested in
10 commentary on what to do with respect to that issue.
11 Should they be two things or one thing?

12 MS. VANN: Most of us here were at the meeting
13 this morning. We were not asked that same question,
14 and yet market area was part of the information that
15 was developed this morning. I would suggest maybe
16 that at the next public forum you might want to have a
17 better determination of that. If we're going to have
18 two separate meetings, ask at both, or combined in
19 one.

20 MR. HARRELL: Thank you.

21 Is there any other comment concerning the
22 structure, the format or the content?

23 Beginning on page 1, at the top of the page, it's
24 titled, "Concepts," and it has an outline of, of some
25 questions that had been put together about the

1 guidelines and market areas, the definition, and then
2 we cite statutory requirement, NAL layout.

3 Page 2 of the document discusses purpose and
4 factors to be considered in developing a market area.
5 There's some broad language, some language that's in
6 bold, bold print there. I would ask you to consider
7 that, if that's inclusive or other things need to be
8 added to that or taken away.

9 MS. VANN: Question number 3, which word needs to
10 be stricken on that one, is it the "of" or the "for"?

11 MR. HARRELL: Page 3 discusses the preparation
12 of assessment rolls. Again, the parens (2) and paren
13 (a) under (2) is in bold to reference the market area.

14 The next several pages all the way through to
15 page 9 addresses the NAL files, that's the name,
16 address and legal file, computer file.

17 On page 10, we have the International Association
18 of Assessing Officers Mass Appraisal of Real Property,
19 in which they talk about stratification and location
20 analysis, which --

21 MR. KELLER: If you look on page 7, excuse me
22 for a moment, under field number 20, the market area
23 field right now is currently an alpha numeric field
24 which could allow for, what, 30 times 30,
25 approximately 900 different market areas to be

1 designated in that field, it's a two-digit field, and
2 the current rule says 10 to 30 market areas, so the
3 parameter right now that we're looking at is somewhere
4 in the range of ten market areas per county. Does
5 anyone have any input on what should be a reasonable
6 number of market areas?

7 MS. VANN: Up to ten, or what did you say?

8 MR. KELLER: The rule says 10 to 30, if you look
9 on page 7 there at field number 20 on the top of page
10 7. I can barely read the 7 at the bottom here.

11 MS. VANN: So you are saying every county should
12 have a minimum of ten market areas?

13 MR. KELLER: That's what the rule suggests right
14 now, somewhere in that range.

15 MS. VANN: I would suggest you review that.

16 MR. KELLER: Could you be more specific?

17 For example, if we took the -- currently our sub-
18 classes, our classes are the strata, and we have seven
19 strata times -- well, let's say we have seven strata,
20 if we had ten market areas per stratum, there would be
21 a property -- one strata would not be in more than one
22 market area.

23 MS. VANN: Right.

24 MR. KELLER: You'd have 70, ten market areas
25 times 70 -- I'm sorry, times seven strata would be 70

1 market areas, so currently we're measuring a large
2 number of --

3 MS. VANN: So you're saying I can have three
4 market areas, but in fact have three for each strata,
5 is that what you're saying, so I would meet that
6 criteria of 10 to 30?

7 MR. KELLER: If you had three per stratum now,
8 you could multiply that by seven strata, and you would
9 have 21 total.

10 MS. VANN: That would meet that criteria right
11 there?

12 MR. KELLER: And that would be in that range,
13 yes.

14 MR. BARBER: If I could -- Wade Barber again.
15 You just commented that seven times three would be 21
16 is what you just said. The market area -- that's an
17 analysis tool, that's not necessarily the definition
18 of a market area.

19 MR. KELLER: That's right. Exactly, but the
20 point I'm making is that under the Department's review
21 methodology every stratum is considered to be really a
22 separate market area, in a sense. I'm not maybe
23 saying this clearly enough, but we multiply the
24 stratum times the number of market areas and that's
25 how many we measure, and maybe that's not the way that

1 the outline of March 30th is set up to look at the way
2 to select market areas.

3 In other words, what you'd be talking about, if
4 you had a, say, for example, you had a piece of
5 property that was a residential piece of property in
6 stratum 1 on a street, and then right next door you
7 had a commercial piece of property that was in stratum
8 6. Automatically those would be in different market
9 areas under the Department's measurement criteria
10 right now, even though they're right next door.

11 MR. BARBER: I guess my comment really is, does
12 that seem correct? The market area has to be
13 influenced by the socioeconomics that goes on within
14 that market area. You can't isolate it by property
15 types.

16 MS. VANN: Right.

17 MR. BARBER: I wish Mr. Zachem was here to expand
18 on it, but he was incorrect this morning when he was
19 more or less using a market area as a tool for finding
20 comparable sales. That's not what a market area is.

21 And another problem that I've had with this since
22 it first started, was initially, market area and
23 neighborhood were being used almost interchangeable,
24 depending on which person you're talking to. One
25 person will give you the definition of a neighborhood

1 as being a market area and, without getting into
2 names, I've also heard that certain counties within
3 the state are supplying the neighborhood codes or a
4 version thereof inside of the market area.

5 If you read appraisal texts dating back to the
6 '30s, they talk about the different types of analysis
7 you do. One would be an area analysis, and you kind
8 of need to pick up, my suggestion, you need to pick up
9 on what area analysis is defined as within the
10 appraisal literature and tie the definition of market
11 area back into that, instead of trying to make it
12 something that blends your analysis work that you do
13 by separating the strata and neighborhoods.

14 If you guys want to split up a market area seven
15 times, then do it, but don't make that part of the
16 market area design.

17 MS. VANN: That makes no sense.

18 MR. HARRELL: Thank you.

19 MS. VANN: I guess maybe what he's asking and
20 what I'm asking is could you in plain English give the
21 DOR's definition of a market area? Because obviously
22 it's not what I think it is.

23 MR. HARRELL: At this point in time the DOR does
24 not have a definition of market area. That's what the
25 purpose of these workshops are for is to get your

1 input and your ideas on how to develop market areas.

2 MS. VANN: They're required for roll submission
3 now.

4 MR. BARBER: Well, the bill has to be -- the two-
5 space bill has to be filled for approval now, and I
6 assume that has to be utilized in the analysis
7 somewhat, because I get phone calls on it from time to
8 time, but you're saying that there is no real
9 definition. We could put a 1 or a 2 in there and that
10 would be fine?

11 MR. HARRELL: I think we have -- the rule is in
12 effect and it is required. However, we have not
13 defined what it is and left the definition up to you
14 to define for us.

15 MR. BARBER: I think where the problem is going
16 to lie is it's going to be pretty much a subjective
17 definition, no matter how you write it up.

18 MR. HARRELL: And you all are exactly right in
19 your comments. I've heard you address the fact that
20 some appraisers are defining market areas as
21 neighborhoods and submitting some 3,000 or 4,000
22 market areas, and some are defining the county as one
23 market area, so there is no commonality among
24 definition at this point.

25 MS. VANN: But it's also not what you just

1 described as being a stratum.

2 MR. HARRELL: That's exactly right.

3 MR. KELLER: So to follow up on that, in one
4 sense, although there's no definition, but in
5 practical terms the way the Department looks at them
6 is by stratum in terms of market area, so we have the
7 number of market areas multiplied by the number of
8 strata is the quantity of subclasses that are
9 evaluated in roll evaluations.

10 MS. VANN: But that could change when you realize
11 that that is not recommended, is that what you're
12 saying?

13 MR. KELLER: That may change, based on the input
14 that we received at these workshops, hopefully.

15 MR. HARRELL: That is current Department
16 practice, is that we do substratify, and whether
17 substratification is a market area or not, it may or
18 may not be correct, and so that would not -- I mean,
19 in Steve's first definition that would not be correct,
20 that it's a market area. It's not. It's just simply
21 a substratification, and a market area is far more
22 encompassing than just stratification. It takes into
23 economic, locational, geographical, all sorts of
24 different factors. It could be a single property or a
25 single class of property, so therein lies the dilemma

1 on what is a market area. It's many things to many
2 people. You in this room have many, many different
3 idea and that's good that you're bringing them all out
4 because that's what this forum is about, and I
5 appreciate your comment and I wish we could get some
6 more going here so we can help make this better.

7 MR. ROARK: In order to --

8 MR. HARRELL: Mike, identify yourself.

9 MR. ROARK: Sir?

10 MR. HARRELL: For the record, would you please
11 identify yourself?

12 MR. ROARK: Mike Roark, Department of Revenue.

13 For the record, just so you know that we're not
14 rolling around like a loose ball as it pertains to
15 market areas, how you delineate the market areas to us
16 is how it's read, read from the NAL, and then it is
17 subclassed from there and into strata, so that's, you
18 know, this is --

19 MS. VANN: But that defeats the whole purpose of
20 a market area when you subclass it into strata. The
21 whole idea of market area is that everything
22 contiguous --

23 MR. ROARK: We are doing a --

24 MS. VANN: -- residential developments that are
25 being created, little mom and pop stores that are

1 created, the neighborhood conveniences, and they're
2 all going to be in different strata. You've done away
3 with our concept of market area by substratifying.

4 MR. ROARK: No, we don't do away with your
5 concept of market area.

6 MS. VANN: You've done away with our analysis of
7 it, because you're not analyzing them anywhere near
8 the way we are.

9 MR. ROARK: We do analyze -- we leave the market
10 area the way it is. If you say it's market area 4, it
11 stays market area 4. So we subclass in respects that
12 when we add each individual stratum in that market
13 area.

14 MR. HARRELL: Let me interrupt just for a second.
15 The focus is now going back to the roll approval
16 procedures and analyzation the Department currently
17 does, and again, let me try to refocus the
18 participants, in that this is a workshop on developing
19 market area definition, and -- as we define market
20 area, and whether the Department has a concrete
21 definition of market area or not is not relevant to
22 the issue today. The issue today is your opinion
23 about market area and your analyzation of the
24 materials that have been presented for discussion
25 today and certainly anything that you want to bring to

1 the table.

2 By having these discussions, by having these
3 workshops to develop this conversation, we're just
4 simply telling you that we need to do a better job.
5 We need your input, we need your help, and that's what
6 we're hear for and that's what we would like to
7 receive from you.

8 MR. PUCKETT: My name is Ron Puckett, Alachua
9 County Property Appraiser's Office. When we're trying
10 to develop the definition for these market areas, my
11 concept of a market area for commercial properties is
12 probably going to be totally different from my concept
13 of residential market areas, so when we get into the
14 substratification portion of it, we need to be very
15 careful about defining what these are and possibly
16 defining them as to strata as well as, again --

17 THE COURT REPORTER: Please speak up. I can't
18 hear you.

19 MR. PUCKETT: I can see that some of the
20 commercial may overlap if you're trying to develop,
21 you know, residential, commercial, and so on and so
22 forth with various strata.

23 MR. HARRELL: Thank you. Any more discussion or
24 comment about it? We can tell it's a very passionate
25 issue with a lot of people.

1 MR. PUCKETT: Well, I just think we need to be
2 very careful in how we set it up.

3 MR. HARRELL: Okay. Thank you.

4 MR. KELLER: Can I just go back to the March 30th
5 outline, which, again, we talked about this morning.
6 If you look on page 3 here, I think the concept under
7 VII-E here is that a market area definition in the
8 proposed outline here is a geographic area typically
9 encompassing a group of neighborhoods. That's the
10 same kind of concept that we see here on page 12 of
11 the background materials where we have geographic
12 stratification.

13 If we -- and under current analysis if we have a
14 county that has one market area of the entire
15 geographic body of the county, then the Department is
16 going to look at that as seven market areas, even
17 though there's only one, because there are seven
18 strata, so we are really -- are we talking about, even
19 though we talk about geographic stratification --

20 MS. VANN: Steve, where are you reading in that
21 definition that it's by property type, that you need
22 to do it by strata? Where does it say that?

23 MR. KELLER: Well, if you look on page 3 --

24 MS. VANN: It says compassing a group of
25 neighborhoods. It doesn't say like neighborhoods. It

1 says a group of neighborhoods.

2 MR. KELLER: I think --

3 MS. VANN: That are equally subject to one or
4 more economic forces. Well, that doesn't mean that
5 they are the same strata, it just means they have the
6 same economic forces, so where in this does it say you
7 do it by strata?

8 MR. KELLER: Well, I think the thought process
9 here is that if they're in different strata, then
10 they're probably subject to different economic
11 portions. They're probably subject to different land
12 use specifications, regulations. They're probably,
13 possibly subject to different zoning, the highest and
14 best use would be different, simply because they're in
15 different strata.

16 The point was made this morning, what about
17 having market areas in more than one county. Well,
18 for the same reason you would -- have different
19 counties would seemingly be different market areas
20 since there are different regulations in effect in
21 each county, and as soon as you cross that boundary
22 line, the regulatory forces that determine value or
23 relate to value of the property would be different.

24 That's a geographic boundary, a county line would
25 be, but what we have in our draft outline thus far is

1 based on geography, the economic forces part of this
2 may bring in strata, different strata.

3 MS. VANN: I just think that when you're coming
4 up with whatever your concept is, when you get your
5 rough draft together or whatever, it might be good for
6 you all to think out of the box and maybe even forget
7 stratas for a little bit, pretend they don't even
8 exist, and work at it, because it seems like
9 everything we're doing is going right back to strata.
10 We do strata analysis, now we do neighborhood
11 analysis, now it sounds like we're trying to make
12 market area one more strata analysis. Maybe we need
13 to open our minds and approach this in a different
14 way, because this has never mentions like properties,
15 this definition.

16 MR. HARRELL: Okay. Thank you, Jan. Is there
17 any other comment concerning this subject?

18 Okay. On page 15A of the handout there are some
19 definitions of different terms, and I direct your
20 attention to the bottom of page 15A, and this is a --
21 this is from the Dictionary of Real Estate Appraisal,
22 3rd Edition, Appraisal Institute, 1993, and it defines
23 a market area as a geographic area or political
24 jurisdiction in which alternative similar properties
25 effectively compete with the subject property in the

1 minds of probable potential purchasers and users.
2 This is what the Institute's definition of a market
3 area is. Is there any reaction or discussion to that
4 definition?

5 MR. BARBER: Again, my name is Wade Barber from
6 Pasco County. Part of the problem when you do a mass
7 appraisal system, you want to come forth with a
8 certain number of market areas in Pasco County. If I
9 need to do an appraisal on Golf View Mall, which is
10 our enclosed mall, regional mall, I'm going to look at
11 least in the state of Florida, perhaps to the
12 southeastern United States. So that's not going to
13 fit within our mass appraisal model and it's certainly
14 not going to fit within the definition of a market
15 area within our county.

16 So we're trying to take a term -- in the world of
17 single property appraisal, when I'm going to do a
18 narrative appraisal, it will be real easy for me to go
19 ahead and say what the area, or economic area analysis
20 is, and I can draw it down to a neighborhood analysis,
21 I can bring it down to the district analysis, and then
22 I can bring it down to the single property appraisal,
23 but it's a whole different thing when you're saying
24 tell us what the market area is for the county.

25 And I say, okay, I've got 12 market areas, but

1 for Golf View Square Mall, my market area extends to
2 the southeastern United States, not necessarily to the
3 market area itself within Pasco County.

4 MR. HARRELL: Thank you. And that is true, I
5 mean, that you're saying, if I could summarize what
6 you just said, is that this definition is more
7 suitable for single property appraisal versus the mass
8 appraisal arena.

9 MR. BARBER: That's correct.

10 MR. HARRELL: If you'll look back on page 12, at
11 the top of the page, this is from the mass appraisal
12 of real property from the IAAO. At the very top of
13 the page, and I'll read, it says, "Three basic ways to
14 analyze location in mass appraisal model building are
15 multiple models based on geographic stratification,
16 multiple models based on cluster analysis, and a
17 single model with location adjustment." That last
18 part of that sentence, the single model with
19 locational adjustments, would be better suitable to
20 the Institute's definition.

21 MR. BARBER: Where is that?

22 MR. HARRELL: Because in your analysis or in
23 your example you said that -- you specified a single
24 property which was a mall. Would that would be a
25 single property with locational adjustments, or a

1 single model?

2 MR. BARBER: I don't know if it necessarily fits
3 in with what you just read, but you could say yes

4 MR. HARRELL: Well, I guess what I was getting at
5 was trying to get some, generate some discussion on
6 going outside of your county or your political
7 subdivision for analysis, which a regional mall would
8 go outside of your political subdivision.

9 MR. BARBER: Right. If I gave you, I think my
10 main problem is, as I look at it, maybe I'm looking at
11 it too geographically, I have in Pasco County and I
12 cut it into 12 pieces, let's say. You know, are those
13 12 pieces the same for every property in the county,
14 or are they going to be different by use, which is
15 what I believe Mr. Puckett was referring to?

16 And if it's going -- if we're going to utilize it
17 for something more than a way of stratifying more
18 common, high-end residential -- you know, I have a lot
19 of neighborhoods, residential neighborhoods -- what I
20 call residential neighborhoods, you might call them
21 districts -- that, sure, a market area analysis or
22 combining 12 or 13 of these neighborhoods together
23 would be more usable, but in the concept of a complex
24 property like a regional mall or a citrus processing
25 plant or something like that, I don't know where a

1 market area even matters, let alone should be
2 required, other than maybe you should have an
3 exemption for certain property types.

4 MR. HARRELL: Anyone else have a definition or
5 opinion or suggestion?

6 Okay, on page 15B, there is another definition
7 which is from IAAO, the International Association of
8 Assessing Officers, and it also has a definition of
9 market area, and I will read from page 15B.

10 "Market area - A broad, geographic area defined
11 for purposes of market analysis. Typically one mass
12 appraisal model will be developed for each such area.
13 Market areas usually consist of several thousand
14 parcels or more and are divided into subareas or
15 neighborhoods."

16 Is that closer to or further apart from your --

17 MR. BARBER: I hate to be the only one talking,
18 but again, it comes back to the same thing. If I say
19 a strip center is affected by the same forces that
20 affect the neighborhood, then sure, which I believe
21 they are; but when you start looking at something like
22 a citrus processing plant or other complex property
23 types, a regional mall, et cetera, the economic forces
24 that affect that property are going to be wider-spread
25 than just what -- the confines of the county that I

1 operate in or the market areas that I go out for, you
2 know, 90 percent of the property tax that I'm doing.

3 MR. HARRELL: Thank you. Anybody else would
4 like to comment?

5 THE COURT REPORTER: Could I get someone to shut
6 that door?

7 MR. HARRELL: Sure. Jack, could you shut the
8 door? The noise is distracting.

9 Continuing on in the, continuing on, IAAO also
10 has a definition of neighborhood, and it's at the
11 bottom of page 16, and I'll read, "The environment of
12 a subject property that has a direct and immediate
13 effect on value." The second part of that is, "A
14 geographic area of properties sharing important
15 location characteristics defined for purposes of
16 market analysis or moduling, (typically with fewer
17 than several thousand properties)."

18 Again, is there comment on this definition? Do
19 you agree with it or disagree with it or have your own
20 definition of neighborhood?

21 MR. BARBER: On what page?

22 MR. HARRELL: On page 16 of the handout, and the
23 top of the page says Glossary, page 383, but at the
24 bottom there's a penciled-in number 16. Down at the
25 lower right-hand corner of the page it begins with

1 "Neighborhood" in bold black print.

2 MR. KELLER: My copy here seems to have some
3 pages missing, and pages 18 through 21 are missing.
4 That is supposed to be a letter from a property tax
5 administration consultant. I will offer to provide
6 anybody in the room a copy of that if you'll leave
7 your -- write your name and address on the sign-in
8 sheet, and we'll get that out so that you can comment
9 on that. I apologize for that being left out of the
10 material.

11 My recollection of that document is that it
12 discussed the feasibility of using market areas in
13 Strata 1 and 4 and it recommended that those be the
14 primary strata in which market areas would be usable.

15 MS. VANN: Steve, again, I want to bring out that
16 in the definition that you just read, it says --
17 nothing in there does it say that they're like
18 properties. It doesn't say that they're by strata.
19 On 16A, number (2), nothing in there does it say that
20 I have all single family in one neighborhood or all
21 commercial in a neighborhood. It says I have a
22 geographic area of property sharing important location
23 characteristics.

24 MR. KELLER: Well, let me ask you this. Is --

25 MS. VANN: The models that we would develop for

1 commercial neighborhoods, as Rob said earlier, are
2 totally different than the models we would develop for
3 other areas, and they will be different amongst
4 themselves, but nothing in this does it say that
5 they're like properties.

6 MR. KELLER: Are you proposing that properties in
7 different strata would validly be in the same market
8 area, then?

9 MS. VANN: Yes, definitely I'm saying that.

10 MS. PUCKETT: It's easily conceivable that you
11 could have a market area that was just totally
12 residential.

13 MS. VANN: Market areas, as we stated earlier,
14 are all the infrastructures and everything else that
15 develops, that support each other, and a residential
16 subdivision is not going to be a booming subdivision
17 out there in the middle of nowhere, unless the little
18 Jr. store goes out there and gives them a convenient
19 way to get bread, and it's not going to stay in
20 business if that subdivision doesn't support it.

21 MR. HARRELL: I refer you back to the IAAO-
22 referenced, excuse me, the IAAO definition of market
23 area. Again, what you're specifically addressing is
24 it says, "Typically, one mass appraisal model will be
25 developed for each such area." When you develop one

1 mass appraisal model, then you're generally speaking
2 of one class of property that that model applies to.
3 Do you agree or disagree with that statement?

4 MS. VANN: Where were you just reading?

5 MR. HARRELL: 15B, page 15B, market area, the
6 second sentence. It says, "Typically, one mass
7 appraisal model will be developed for each such area,"
8 which means that it's part --

9 MS. VANN: It doesn't say that the same model
10 will be used for every market area.

11 MR. HARRELL: Right, but that addresses that
12 particular class of property if you're talking --

13 MS. VANN: Where do you get a class of property?

14 MR. HARRELL: One -- well, let me ask you this.
15 Do you develop -- when you develop one mass appraisal
16 model do you develop that model for a particular class
17 of property, meaning a similar type of property, or do
18 you develop your mass appraisal model for --

19 MS. VANN: A market area model? I develop it for
20 what the market is telling me, and it's not by class
21 of property, it's by the market, and nothing in this
22 description says that they're like properties. I
23 think you all are reading something in there, and
24 again, I'll go back to thinking out of the box.
25 You've got to get the word "strata" out of your mind

1 and read what this says, because it doesn't say
2 anything about strata.

3 MR. HARRELL: And I agree with that, and I guess
4 I'm searching for some clarification myself with this
5 and you can help me, because I think you're on the
6 right track.

7 Let me ask you, let me ask it in this way.
8 Certainly the economic forces within a geographical
9 area as defined by a market, or market area, would
10 apply to residential or vacant lots or whatever. It's
11 conceivable that the residential would experience the
12 same growth rate as a vacant lot or a commercial,
13 because that's what we're talking about is the
14 economic forces that drive that market area. So --
15 and let me just kind rephrase what you're saying. So
16 in a market area you could have multiple classes of
17 property receiving the same benefit, so rather than
18 focusing on the strata, you're saying that the driving
19 force should be a market area, and contained within
20 could be multiple classes of property benefiting from
21 the same economic force?

22 MS. VANN: I don't know what you mean by
23 "focusing in." I'm telling you that's how I would
24 develop a market area. For your analysis, I mean,
25 market area by definitions that we've read here is a

1 combination of neighborhoods. Well, those
2 neighborhoods could be residential neighborhoods,
3 working neighborhoods or whatever, into one market
4 areas, but it doesn't mean that a market area is by
5 strata in anything that I've read or that I've seen in
6 practice.

7 MR. HARRELL: Right.

8 MR. KELLER: May I say something? It was just
9 pointed out that if you look on page 15B, the
10 definition of market here and market analysis also,
11 but market says --

12 MS. VANN: What page are you on?

13 MR. KELLER: "Real property markets are -- "

14 MR. HARRELL: Excuse me a second. It's 15B.
15 It's on the left-hand column, the bottom definition
16 that begins with market. This is where Steve is
17 reading from.

18 MR. KELLER: So I'm just suggesting the author of
19 this book may have had this in mind, but it says --
20 the last sentence of that says, "Real property markets
21 are often delineated by property type and geographic
22 area," so property type sounds to me more like class
23 or strata, could be a reference to stratification.

24 MS. VANN: Real property markets, but that's not
25 market area. You're reading the definition of a

1 market, not a market area.

2 MR. KELLER: That's true.

3 Well, let me ask a follow-up question. Would it
4 cause a difficulty if, as we are currently practicing,
5 the properties in different strata were regarded as
6 being in different market areas and that was
7 perpetuated?

8 MR. PUCKETT: I'm sorry, Steve, I didn't hear
9 you.

10 MR. KELLER: Current practice, the Department
11 regards the properties in different strata as being in
12 different market areas. Even though they might be
13 locationally right next door to each other, if one
14 property is in Stratum 1 and it's residential and
15 another property right next door is in Stratum 6, just
16 because they're in different strata, the Department
17 looks at those as being in different market areas.

18 If that was continued into the future, if we
19 continued to do that, would that present a problem?

20 MS. VANN: It depends on what you mean by the
21 Department looking at it. I mean, are you saying that
22 you're going to develop your market areas based on
23 strata and that's going to have some influence on
24 whether our rolls are approved or not, or it's just
25 going to be another way that you're going to look at

1 information? I mean, I need a better definition by
2 what you mean, "look at"?

3 MR. KELLER: Well, currently they evaluate them,
4 the market areas, properties in one market area are
5 evaluated together so they would all be in the same
6 stratum because they're in the same market area.

7 MS. VANN: I would think if the Department goes
8 along that path as the way to do market areas, they
9 set back market area analysis many years.

10 MR. BARBER: I've got a question. Wade Barber,
11 again, Pasco County.

12 Isn't 2003, isn't that where they're going to
13 visit -- or that's when the Department of Revenue is
14 going to utilize market area analysis for tax roll
15 approval? Didn't I see that as a long-range plan?

16 MR. HARRELL: Is that a comment?

17 MR. BARBER: That was a question.

18 MR. HARRELL: The question is, is the date 2003
19 the date the Department has proposed to use market
20 areas in the roll approval analysis, and that
21 information is coming from an action plan that has
22 been developed in response to recommendations from
23 consultants' observations and criticisms from the
24 Auditor General and from the Department's consultants
25 as well, and staff. That is simply -- the action plan

1 is an action plan. It is a proposal, and it's a
2 living document, and that is a target date. That's
3 simply that's all that is. It does not mean that in
4 year 2003 we're going to start doing this. It simply
5 means that in planning for the future, that we think
6 that -- we thought at the time that the document was
7 written that the Department might be in the position,
8 as well as the counties in the position, to do this.

9 It doesn't mean it's a good thing or a bad thing.
10 It's in the action plan, and if that is -- and also in
11 our -- and this is a side note from this meeting --
12 and in our encouragement of participation we've -- we
13 have begged at every meeting that we have been to,
14 please go to the action plan that has been distributed
15 and look through that document very carefully to see
16 if you agree, disagree, want to change it, have
17 comment for changes, because it's not ours. It's not
18 ours as the Department, it's ours as the property tax
19 administration system in the state of Florida, which
20 the counties and the citizens of the state are part
21 of. And so everyone has the ability to comment and
22 help alter that document to make it better.

23 Now in answer to your question, the answer is yes
24 or no. We don't know at this point if we're going to
25 initiate that in 2003. That is just simply a target

1 date, that's all.

2 MR. KELLER: The plan is here on page 23, and --
3 going back to the end of the material here, is the
4 full action plan on this point that he just talked
5 about.

6 MR. HARRELL: Again, in addressing Mr. Puckett's
7 concerns, I believe that this plan addresses Stratas 1
8 and 4 versus 6, because 6, as we know, have problems.

9 MS. VANN: I guess what I'm saying with all of
10 this between the neighborhoods and stratas and the
11 market areas, we all analyze our rolls quite
12 extensively before they come up to you all.

13 MR. HARRELL: Right.

14 MS. VAN: To me, if you run our analysis by
15 strata and it falls in line, if you run our analysis
16 by neighborhood and it falls in line, then if you
17 truly use the way a market area concept should be and
18 not strata, then they should also fall in line, and to
19 me, for you to go back and say that the Department
20 wants to do it by strata -- and I don't mean that's
21 what you're saying, but if you think that way -- then
22 all you're doing is analyzing it the same way again.
23 You're not getting another picture of the roll.
24 You're just using the same numbers under a different
25 name.

1 MR. HARRELL: Right.

2 MS. VANN: So why make us go through all those
3 hoops when it's going to be the same stuff?

4 MR. HARRELL: And I agree. I think that you have
5 a very valid point in that -- because everyone is
6 afraid, or not afraid, but has shown a lot of concern
7 for the different ways the Department is looking at
8 analyzing tax rolls, but the bottom line is that if
9 the standards are met in each of the analyses, then
10 there is no fear there, and so I guess what we're
11 speaking to is the fear of the unknown, well, what is
12 a market area? How are we going to use it? How are
13 we going to define it? And it's not, how is it going
14 to be used against us? That's not the mindset we're
15 trying to develop here, is how it's going to be used
16 against us. It's how we can better use it to analyze
17 the information that we have, and that's where we're
18 trying to get.

19 And this has been a real good discussion. I'm
20 glad to see the --

21 MS. VANN: I personally use market areas because
22 I have problems in all strata that -- for whatever
23 reason, but if I group them and I look at them in the
24 same area, then that area may need a market
25 adjustment. It has nothing to do with the type of

1 property it is, but minute I put them there and I do
2 what the market tells me to do, then all my strata
3 fall out, but I'm not doing it by strata, I'm doing it
4 by the market area.

5 MR. HARRELL: Right. Wade?

6 MR. BARBER: Steve got started earlier on a
7 proposal from the consultant that was not included in
8 our packet, is that true?

9 MR. KELLER: I just mentioned that -- I
10 apologized for that being, somehow it got left out and
11 I can get you a copy. We will get you a copy if
12 you'll just leave your name and address on the sign-in
13 sheet.

14 MR. BARBER: Yes, sir.

15 MR. HARRELL: Is that relevant information?

16 MR. BARBER: My name and address is there. Could
17 you cover it just a little bit more here, please?

18 MR. KELLER: Well, my recollection of it is that
19 it's a letter from Bob Gloudemins and that it
20 basically indicates the proposal to use market areas
21 in Strata 1 and in Strata 4 as opposed to any other
22 strata.

23 MR. HARRELL: Yeah, and this is as vague
24 recollection as well, but I do recall that the reasons
25 that he was a proponent for using market area analysis

1 in Strata 1 and Strata 4 is due simply to the
2 homogeneity of the property and because of the
3 diversity and lack of homogeneity in Strata 6 with the
4 commercial and industrial the way they're currently
5 classed, then that type of analysis would not be
6 suitable for Strata 6 because of the broad
7 differences.

8 MR. BARBER: Okay. Thank you.

9 MR. HARRELL: Okay. The discussion has been
10 good. I appreciate all of your comment and that's
11 certainly what we're here for.

12 Is there any other discussion on market, market
13 area, neighborhood, analysis? Okay.

14 Okay, at this point this concludes this process
15 of today's meeting unless, again, there's any more
16 comment, and I'll plead one more time, if you have
17 comment, please do so. It's appreciated and needed.

18 Okay. Hearing none, we will proceed with the
19 drafting process. We anticipate having a workshop
20 approximately within the next 30 to 60 days. If
21 anyone would like to submit written comments, bear in
22 mind that they become public record, and please do so
23 by the close of business on April 24, 2001. That's a
24 different date. This morning we said, I believe, it
25 was April the 17th for this morning's commentary.

1 This afternoon on market areas, the dates is changed
2 to April 24, 2001.

3 Comments should be addressed to the Florida
4 Department of Revenue, Technical Assistance and
5 Dispute Resolution, Property Tax Unit, P.O. Box 7443,
6 Tallahassee, Florida, 32314-7443. If you would prefer
7 to fax your comments, the numbers are 850-922-9252,
8 850-921-2983.

9 Please address any of your fax comments to Sharon
10 Gallop, and your comments may be sent by e-mail, and
11 that address is beggsd@dor.state.fl.us. Again, no
12 confirmation of e-mails will be sent back to you. All
13 comments via e-mail will become public record, and
14 copies of comments are available upon request.

15 Additionally there are some other handout
16 materials if you missed any from this morning or this
17 afternoon, they're still available, and if you need
18 anything then you can call one of us and we will be
19 happy to provide it to you as well.

20 On behalf of the Department I want to thank each
21 of you for taking the time to be here, to be a
22 participant and making your comments and concerns
23 known. You know my position. I think it's very
24 invaluable, as well as the Department's position, it's
25 certainly invaluable to this process to have this type

1 of participation and the representatives from state,
2 local, and from private citizens and other
3 representatives representing taxpayers.

4 The goal here is that we all work together to
5 make this process better and to make the product as
6 good as it can be. I assure you that we will do our
7 best to address all of your concerns that you have
8 raised today, and that we certainly are -- or the only
9 boundary that we have is certainly within the
10 statutory provisions set forth.

11 Thanks for coming. We really appreciate your
12 comments.

13 (Whereupon, the proceedings were concluded at

14 2:37 p.m.)

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1 C E R T I F I C A T E

2 STATE OF FLORIDA)

3 COUNTY OF LEON)

4 I, CONNIE J. BUTLER, Court Reporter and Notary
5 Public at Tallahassee, Florida, do hereby certify as
6 follows:

7 THAT I correctly reported in shorthand the
8 foregoing proceedings at the time and place stated in the
9 caption hereof;

10 THAT I later reduced the shorthand notes to
11 typewriting, or under my supervision, and that the
12 foregoing pages 2 through 42 represent a true, correct, and
13 complete transcript of said proceedings;

14 And I further certify that I am not of kin or
15 counsel to the parties in the case; am not in the regular
16 employ of counsel for any of said parties; nor am I in
17 anywise interested in the result of said case.

18 Dated this _____ day of _____, 2001.

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CONNIE J. BUTLER

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Court Reporter

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